

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

THE FIRST SET OF DOCUMENT AND INFORMATION REQUESTS OF THE  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

D.T.E. 05-35

Respondent: Nancy G. Culliford

Date: August 23, 2005

Information Request D.T.E. 1-25

- Q. Please discuss the reasons the Company seeks to enter a transportation contract with a term of twenty years as compared to a shorter term.
- A. Pursuant to the terms of Tennessee's Binding Open Season, a minimum term of ten years was required. However, for this particular project, with its relatively low cost, the Company realized that a competitive bid with a term longer than the ten year minimum would be required in order to ensure that KeySpan was awarded the capacity. The twenty year term agreed to by the Company contains a number of ramp-down provisions that provides the Company with the flexibility to benefit from this relatively low cost capacity over the long term while also allowing the Company to customize its contractual commitment based on an updated needs analysis or changing market conditions beginning in the eleventh year of the contract. Please see the response to D.T.E. 1-19 for additional information regarding the ramp-down provisions of the agreement.